

NEWS FROM

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Financial Aid Tip of the Month, July 2005

Federal government offers several student aid programs

Alabama students headed to college next fall may be able to take advantage of several federal student aid programs. There is even a program their parents can use to help pay college costs.

The U.S. Department of Education (USDE) offers two major grant programs, both based on financial need—the Federal Pell Grant and the Federal Supplemental Educational Opportunity Grant (FSEOG).

Pell Grants are available to undergraduate students and to some students who already have a bachelor's degree if they are enrolled in a teacher education program. The maximum Pell award amount this school year is \$4,100.

FSEOGs are for undergraduate students who have exceptional financial need. The maximum FSEOG amount this year is \$4,000.

The USDE also funds three major loan programs—Federal Perkins Loan, Federal Stafford Loan, and Federal PLUS Loan.

Perkins Loans are based on need and carry a 5 percent interest rate. They are available to undergraduate and graduate students with financial need in varying amounts, depending on year in school.

Stafford Loans are available to undergraduate, graduate, and professional students. The amount a student can get depends on year in school and whether the student is considered dependent or independent. Some Stafford Loans are based on need, others aren't.

PLUS Loans are available to parents who need help paying for their child's college education. The amount available varies based on the student's education costs and other financial aid received.

All of these programs require the student to file the Free Application for Federal Student Aid (FAFSA).

For more information about student financial aid and college planning, visit www.alstudentaid.com or www.alabamamentor.org; write the Alabama Student Loan Program, 100 North Union Street, Suite 308, Montgomery, AL 36104-3761; or call 334-265-9720, toll free (800) 721-9720.